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The World Economic Forum Report on global positioning of Morocco in terms of enabling trade: "Enabling Trade Index 2009 Report"

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Introduction

The World Economic Forum (WEF) has recently published the second edition of its report on global enabling trade around the world, "The Global Enabling Trade Report 2009", which evaluates the degree of integration and openness to foreign trade in different countries.

This year's edition comes out at a crucial juncture for international trade which has been deeply affected by the international recession and financial crisis. The volume of foreign trade has indeed seen one of the most critical periods of its history, reaching some of the lowest levels since World War II. The signs of such a decline have become clear since the onset of economic recession, as a result of shrinking demand and production around the world, and of tighter financing and guarantee conditions for foreign trade.

In such a climate, many governments have resorted to countercyclical policies to protect jobs locally, adopting a range of protectionist measures pertaining primarily to increased subsidies and targeted spending.

The World Economic Forum's report, "*The Global Enabling Trade Report"*, presents an evaluation of obstacles to foreign trade on the basis of a composite index, the Enabling Trade Index (ETI). According to the World Economic Forum, the index allows for the comparison between countries according to four fundamental criteria: market access, border administration, transport and communications infrastructure, and business environment.

On the basis of these criteria, Singapour and Hong-Kong are ranked first and second in the world, as they were the previous year. Then follow Switzerland, Denmark, Sweden and Canada. Norway, Finland, Austria and the Netherlands feature in the top ten countries. Morocco has moved up to 55th place, gaining 19 ranks compared to the previous year.

This document aims to present the methodology used by the World Economic Forum to establish a global index. It also provides the main findings regarding enabling trade around the world and for Morocco. Finally, it presents the main measures taken by Morocco to develop its trade policy and ensure trade flow.

1. Methodology for country competitiveness ranking in terms of enabling trade measures

1.1. Presentation of methodology

The global index is made up of four indicators divided into different subindexes composed of a number of individual variables that are obtained from both hard data and the World Economic Forum's Executive Opinion Survey (Survey). The quantitative data (hard data) is derived from different national sources or from international institutions, whereas the qualitative data is derived from the findings of the *Executive Opinion Survey* conducted by the WEF among chief executives and experts in the field.

The first indicator, Markets Access, evaluates the extent to which a country's political and cultural environment facilitates the reception of foreign goods. The second indicator, Customs and duties, evaluates the ease with which goods are processed for customs clearance. The third indicator, Transport and communication infrastructure, measures the level of transport and communication infrastructure. Finally, the fourth indicator evaluates a country's regulatory environment and level of security. The table below summarises the different indicators making up the global index (see table 1).

1.2. <u>Methodological innovations in the 2009 report</u>

Several methodological changes have been made in the latest edition of the WEF report which covers 121 countries this year. These changes are notably:

- the addition of a component relating to export in the new 'Markets Access' indicator, which now takes into account access to domestic and foreign markets
- the addition of measurements of the complexity of tariffs structure in the 'Domestic and foreign market access' pillar
- the addition of an 'export procedure efficiency' variable, to the 'import/export procedure efficiency' indicator
- the extension of the 'regulatory environment' pillar to include indicators designed to measure general aspects of governance and regulation such as the protection of property rights, corruption, the efficiency of government operations, the level of domestic competition, as well as the level of commitment to the General Agreement on Trade in Services (GATS)

Moreover, the global index in the new report will from now on comprise 9 pillars, instead of the 10 pillars taken into account in the previous edition. This year's country sample has been extended to include 4 new countries (Ivory Coast, Gambia, Ghana, and Malawi), bringing the total number of countries to 121, as opposed to 118 the previous year. Uzbekistan could not be included in this edition due to a lack of data.

Table 1: Sub-indicators and pillars of enabling trade index

1. Markets Access	2. Transport and communication infrastructure
• **Domestic and foreign market access** measures the protection level of country's markets and standard of trade regime. It gauges tariff and non-tariff barriers on imported goods (farming and non-farming), the share of goods imported on customs franchise, the variation in customs duties, the frequency of tariff peaks, the number of distinct customs duties...	• **Availability and quality of transport** measures the state and the standard of transport infrastructure, such as airport density, the percentage of tarred roads as well as levels of road traffic congestion... • **Availability and quality of transport services** takes into account services available for consignments to reach destination, the general efficiency of postal services, the competence of the logistics sector (for instance transport operators and transit operators), the level of ICT use in consignment handling, as well as ICT use to speed up customs clearance. • **Availability and use of ICTs** measures ICT availability in consignment handling and penetration and use levels for mobile phones and the internet...
2. Customs administration	**4. Business environment**
• **Efficiency of customs administration** measures the efficiency of customs procedures (formalities regarding goods on entry and exit) as well as the services provided by customs authorities and relevant bodies.	• **Regulatory environment** evaluates governmental effort in implementing policies favourable to cross-border flow of goods. Included are the availability of foreign labour force and the level of restriction on capital controls, the level of domestic competition, and the level of commitment to the General Agreement on Trade in Services (GATS) ... • **Physical security** gauges levels of violence in particular(crime and terrorist threat), as well as the reliability of police services.
• **Efficiency of import/export procedures** Evaluates the efficiency of customs clearance procedures, the number of da the documents required to import or export goods and the costs incurred f import and export, except customs tariffs and professional tax.	
• **Transparency of border administration** Evaluates supplementary costs due to excessive and inefficient bureaucracy. Also gauges the level of corruption in the trade sector, customs and duties transparency, as well as the prevalence of corruption in each country.	

1.3. **Methodological constraints**

Despite its importance, the Global Economic Forum report faces a number of methodological constraints, such as:

- the subjective nature of questionnaires: several variables used are derived from opinion surveys (qualitative variables), hence the risk of collecting flawed feedback reflecting subjective perceptions
- incomplete information of respondents which may result in systematically biased responses, and ultimately distort the global index aggregate
- The cultural bias of international opinion surveys due to cultural differences with regard to respondents. Indeed, respondents display a sense of patriotism or objectivity which varies greatly from one country to another, sometimes depending on the objectives of the organisation conducting the survey
- The issue of comparability of responses from different countries: questions can be 'loaded' and point to particular responses with regard to a country's situation. Nothing can ensure that the different respondents would use the same norms and criteria in their judgement, especially when they come from different countries.

2. **Main Report Findings**

Two Asian countries, Singapour and Hong Kong, are ranked respectively 1st and 2nd worldwide in terms of enabling trade.

Singapour's performance is seen as the result of the openness of its markets, very efficient and transparent Customs, and of a highly developed transport and communication infrastructure. Customs procedures, costs and import and export timeframes, are considered as the best among countries surveyed in the sample. Moreover, open to domestic and foreign competition, Singapour's regulatory environment is one of its main assets.

Hong Kong's ranking can be accounted for by its total openness to international trade, given that it does not charge customs duties on imported goods, and by efficient customs procedures and a much-vaunted transport and communication infrastructure. The predominance of foreign property and the near-complete absence of capital controls highlight the country's openness to foreign business.

Ranked 3rd, Switzerland is also rewarded for the standard of its Customs (10th), despite very high costs to import (84th) and to export (92nd), as well as for its transport infrastructure (9th) and attendant services (12th), and ICT use (2nd).

Denmark (4th) is in the top five countries according to seven of the nine global index pillars. Denmark is second in Customs efficiency and transparency, fourth in efficient governance, fourth in high levels of security which underpin a business-friendly environment, fifth in standard and availability of transport infrastructure and fourth in ICT use.

In the Middle-East and North Africa region (MENA), the United Arab Emirates (1st in the region) have climbed up to 18th in the world, 5 positions up from the 2008 rankings. The Emirates boasts efficient and transparent customs, some of the lowest import costs (5th), and easier customs procedures (6th). Moreover, the country has a good transport infrastructure (13th) and a regulatory environment especially favourable to trade and foreign property. However, while the Emirates has a very simple tariffs structure, several constraints, particularly tariff-based, remain in place for agricultural products.

Ranked 24th behind Japan but ahead of Taiwan and South Korea, Bahrain is particularly noted for the standard of services provided and customs procedure costs (16th). Nevertheless, although it is quite open to foreign investment and enjoys an attractive business environment, Bahrain remains relatively protected from foreign competition through customs tariffs, especially on agricultural products (95th).

Moving up 8 positions compared to the previous year, Tunisia is 41st, thanks notably to its good ranking in Customs (30th) and in import and export procedures (39th), and to its business-friendly regulatory environment. But Tunisia performs less well on a number of indicators, such as its tariffs structure which remains quite complex, the imposition of high tariffs on imports (119th), and the standard of its trade logistics which lags behind other countries in the sample (81st).
Saudi Arabia is ranked 42nd (53rd in 2008). Customs procedures (31st) and export procedures (25th), alongside customs management, are relatively efficient. The country’s trade-friendly regulatory environment is linked to a transparent and efficient institutional framework. However, general personal safety, and the threat of terrorism in particular, significantly increase the costs of business creation. The openness of markets to trade is also deemed insufficient, especially for agricultural products for which the country is ranked 83rd.

Egypt is in 75th position (87th in 2008). Its business-friendly environment, notably the possibility to recruit a foreign workforce, the standard of its transport infrastructure, maritime links and attendant services, are the country's main assets. However, Egyptian trade policy remains fairly protectionist as the country still imposes high tariffs, especially for specific agricultural products, and maintains a comparatively complex tariffs structure. Besides, despite low costs and goods clearance timelines, Egyptian customs still lack efficiency.

3. **Morocco's enabling trade ranking established by World Economic Forum**

Morocco is in 55th position, having moved up 19 ranks from 2008. This improvement is mainly due to Morocco's better performance according to the Markets Access indicator, which climbed up from 100th to 51st rank, and, to a lesser extent, to better performance in transport and communication infrastructure, which rose from 68th to 65th position. However, Morocco has dropped by respectively 6 and 23 positions according to the Customs administration indicator and the business environment indicator.

Table 2: Comparison of Morocco's global ranking for 2008 and 2009

Sub-index	**2008 rankin**	**2009 rank**	**variation (nr positions)**
Markets Access	100	51	+ ↑ ***49***
Customs administration	45	51	***- ↓ 6***
Transport and communic infrastructure	68	65	+ ↑ ***3***
Business environment	40	63	***- ↓ 23***
Global ranking	74	55	+ ↑ ***19***

Source: *The 2009 Global Enabling Trade Report*

3.1. **Markets Access**

For this sub-indicator, Morocco stands out as a country that does not impose specific tariffs, which earned it the top position in the world, according to the WEF report. Morocco is also open to foreign trade, with a significant share of imports with customs franchise (14th). Moreover, free trade agreements signed by Morocco provide preference margins in target markets (26th).

As noted in the report, Morocco does not perform so well on variables pertaining to the level of tariffs and non-tariffs barriers. The former relate to imposed duties, including preferential rates (104th), tariffs barriers imposed on agricultural products (112th) and non-agricultural (99th), and to tariffs variance (110th). As for non-tariffs barriers, Morocco is ranked 85th.

3.2. <u>Customs administration</u>

The evaluation of customs administration is generally positive, be it for customs procedures (47th) or for customs services (38th). Indicators relating to export costs (14th) and to import costs (40th), as well as to time for export (33rd) and import timelines (46th), are generally awarded a positive evaluation.
However, a very low performance on the import-export procedures efficiency must be underlined, and is especially a result of the heavy range of documents required for imports (100th) and corruption practices (62nd).

3.3. <u>Transport and communication infrastructure</u>

Morocco has achieved significant advances on a range of variables making up this indicator. The index for maritime container traffic connectivity has remarkably improved this year, moving from 67th position in 2008 to 32nd. A similar improvement can be noted for the '**connectivity and transhipping points for carriers**' variable (36th against 68th in 2008). Other sub-indicators, such as the standard of railway infrastructure (45th) and the level of road traffic congestion (47th), have performed better.

Nevertheless, on the transport and communication infrastructure index, Morocco has achieved an intermediate position, below the performance required for a set of variables (15/20). Variables which have fared poorly include notably the capacity and the ease to locate and trace international consignments (109th), the competence of the logistics industry (103rd), and the frequency and punctuality of deliveries (87th).

3.4. <u>Business environment</u>

For this index, Morocco has fared well on four of the nine variables, especially on the government efficiency variable (44th) and the police services reliability variable (41st), but has not done so well on restrictions on capital control (101st), business costs of terrorism risks (101st), openness to foreign participation (86th), and on property rights (61st).

4. Main orientations of Morocco’s enabling trade strategy

The WEF report is an important source to evaluate measures to enable trade taken by Morocco and to compare them to those taken by other countries around the world. The report is also an opportunity to measure up against neighbouring Mediterranean countries, and draw inspiration from successful experiments worldwide.

This year, the WEF report has highlighted Morocco’s progress on several indicators, such as import and export costs, time for export, customs services, and the standard of railway infrastructure... On the other hand, the report has also underlined Morocco’s weaker performance on a number of indicators, such as the levels of tariffs and non-tariffs barriers, import-export procedure efficiency, corruption, capital control, the telephone network, mobile telephone subscriptions, the capacity and ease to trace and locate international consignments, the competence of the logistics industry, the frequency and punctuality of deliveries, the business costs of terrorism risks...

If it is the case that Morocco has some way to go to improve its ranking on several indicators, it should nevertheless secure a better position on other indicators, because of effort, especially in terms of economic policy, made by public authorities over many years, and praised around the world.

The following section is a reminder of the main reforms implemented by Morocco to enable and facilitate trade.

4.1. Liberalisation, opening up and trade policy reform

Considerable effort has been invested to liberalise the Moroccan economy in the course of the last two decades. This effort has embraced three major economic policy orientations, notably the adoption of a structural adjustment programme, joining the WTO, and contracting several free-trade agreements with different partners.

The irreversible choice to liberalise the economy and to open up to the rest of the world has notably resulted in:

- the on-going reduction of tariffs protection and the suppression of non-tariffs measures
- the simplification of foreign trade procedures

Morocco has also made notable progress with the liberalisation of import and export of goods and services. The adoption of the new law on foreign trade in 1993 has meant lifting quantitative restrictions, and resorting to customs tariffs as the main protection mechanism for domestic production.

Customs tariffication

Morocco has continued to simplify and rationalise, as well as make more transparent, the customs tax system. Since 2002, the simple arithmetic average for the NPF customs duty rates has dropped by 13.2%, and currently stands at 20.2%. It should be noted that the modal rate (the most common) is 7.5% and is applied to around 5028 tariff lines.

The reform launched in 2009 has further consolidated the reduction of customs duties. As of January 1st 2010, the quota of import duties applicable to industrial goods will be replaced, and then reduced to four from 2012 (See table below).This reform will also contribute to closing the gap between preferential customs duties and common law duties, to achieve a maximum customs duty of 25% by 2012, which will in turn prevent any diversion between preferential origins, and between the latter and common law origins. The reform also entails the reduction of tariff peaks for industrial products, thus limiting fraud and reducing the focus on foreign trade with the EU. It also underpins bringing down tariffs imposed on entrants, which add to production costs (textile, chemical and para-chemical, agro-industrial, mechanical and electrical).

Table 5: Quotas and customs tariffs applicable to non-agricultural products

Share of import duties applicabl up to 31st December 2008	January 2009	January 2010	January 2011	January 2012
10%	7.5%	5%	2.5%	2.5%
15.3%	2.5%	2.5%	2.5%	2.5%
17.5%	10%	5%	2.5%	2.5%
21.9%	2.5%	2.5%	2.5%	2.5%
25%	20%	17.5%	10%	10%
32.5%	27.5%	27.5%	25%	17.5%
40%	35%	35%	30%	25%

Source: Customs Administration

Similarly, it should be noted that there is no specific or mixed duty, since import duty is strictly ad-valorem, based on the CIF value (cost-insurance-freight) in the tariff structure currently in force. Furthermore, there is no seasonal tariff. Morocco has also repealed the last taxes on export of corn, vegetable hair and phosphate, and lifted restrictions on export of animal skin and leather, with the exception of ‘wet blue’ skins for reasons relating to sustainable development in the tanning sector and to environmental protection.

It is clear that Morocco's low ranking does not reflect the country's effort to reduce import customs tariffs. It is also difficult to explain why Morocco is ranked 26th in terms of preferred trade destinations, given that free trade agreements signed by the country entail the principle of reciprocal reduction in tariffs barriers according to a specific timeline which, with the EU alone, will be brought down to 0% by 2012. Moreover, it is surprising, if not inconceivable, to be awarded a good ranking in imports authorised under franchise (14th) and maintain high tariff barriers (104th).

Foreign trade procedures

Morocco has taken measures to promote foreign trade, especially through economic customs regimes (ECR) and advantages granted by tariff-free export zones. Other measures include:

- the adoption of electronic payment for customs clearance processes, and of national collection credit_to cover all operations, regardless of the import bureau involved
- the possibility to edit the main levee at the operator's allowing goods collection on submission of main levee printed at home
- the possibility for the operator to choose their place of residence as their registered office to accomplish customs formalities (payment of duties, tax, and other charges, management of accounts under ECR, and the entire processing of customs clearance operations under combined declaration).

The extended computerisation and the simplification of foreign trade procedures should also be mentioned. It is therefore clear that Morocco's ranking in this field does not reflect the effort invested in dematerialising documents and exchanging automated data to establish a unique set.

It is also important to mention:

- the launch of the BADR system (Automated customs database) on January 5th 2009, to replace the SADOC system (Customs and foreign currency exchange database), and intended to dematerialise all customs procedures;
- The on-going simplification of foreign trade procedures as part of the national plan for the simplification of foreign trade procedures and the extension of automated data exchange to all trade operators. A rehaul of foreign trade procedures has led to the launch of a project for a virtual single desk for all formalities pertaining to foreign trade. To this end, a

single desk for ports 'PortNet' has been introduced and adopted by the National Ports Agency, the regulating body. This project entails:

- a plat-form to disseminate data, management rules, and controls common to all operators;
- An interface device facilitating the exchange and the synchronisation of flow between the information systems of different operators;
- A virtual single desk to allow users to accomplish operations by accessing all other actors through one single interface.

Furthermore, exporters of goods and services have been able to increase their revenues in foreign currency from 20% to 50%. This provision makes it easier to pay for their professional charges in foreign currency, and minimises risks related to currency exchange and to other costs incurred for foreign transactions.

Recently, in December 2009, the Foreign Exchange Office took measures to facilitate procedures regarding goods and services exports (Instruction nº 3). These measures are designed to codify and simplify the provisions of foreign exchange regulations, hitherto to be found in several different regulatory texts.

Laid out in one single document, these regulations are intended for authorised intermediary banks, but are also available to exporters, to provide information to guide them through the formalities and procedures required to carry out their operations and transactions.

With regard to export goods, these regulations are designed to ease several restrictions, such as:

- raising the ceiling for non-commercial exports from MAD3,000 to 10,000;
- Raising the ceiling for samples sent by Moroccan exporters to foreign clients from 10,000 to 20,000 MAD.

Below these ceilings, these exports are not considered of a commercial nature and are, therefore, exempt from the obligation to repatriate the value of exported goods.

- The possibility for exporters to reimburse advance payments received from foreign clients to purchase raw materials locally or abroad, without referral to the Foreign Exchange Office.

The new 'instruction' has also laid out a regulatory framework specific to service export, easing a number of restrictions such as:

- Authorising Moroccan companies which win contracts abroad to transfer up to 20% of contract amount, to allow them to meet preliminary expenses, in anticipation of first payments.
- Authorising companies with contracts abroad to open bank accounts in foreign banks in order to execute their contracts.

Ports reform

Since 2006, Morocco has been conducting a comprehension reform of its ports with the aim of increasing productivity levels and giving the entire sector a more competitive edge. Following such a reform, the roles of all operators are more clearly defined and regulatory operations are set off from trade transactions. Handling at ports and competition within and between them has also been regulated.

Reform included the setting up of the ANP (National Ports Agency) as well as 'Marssa Maroc' which superseded the ODEP. For its part, the port of Casablanca is now open to competition through a concession agreement with SOMAPORT, a private operator of the CMA-CGM group.

These provisions have benefited economic operators in several ways:

- The cost of ports' passage has decreased thanks to a better streamlining of invoicing procedures;

- Productivity levels at ports have been increased through promoting private investment in infrastructure and operating projects;

- The quality of servicing ships and handling merchandise has been upgraded, especially now that the ANP has set minimum standards to be met by operators in charge of outsourced management of terminals;

- Security measures at ports have been stepped up through a better coordination of outsourced services;

With regard to ports' infrastructure, public authorities have geared significant investments mostly towards processes of adaptation to traffic containers. A case in point is Tangier- Med Port which has been operational since July 27th 2007. This port is close to free zones for trade, industry and logistics and well connected to rail and road networks.

To meet increasing world demand in transhipping, Morocco has launched the construction of new cargo port, Tangiers Med II. It will have two deep water container terminals well suited to market needs and with a total length of 2.500 m and an additional capacity of 5 million containers. The entire port complex is expected to have an overall capacity of 8 million containers and be in the medium term one of the leading container platforms in the whole world.

Part of the investment has been earmarked specifically for container treatment, mainly the construction, since 2010, of a third terminal at Casablanca port whose capacity will be upgraded to 1.6 million TFE (Twenty feet equivalent)

4.2 Improvement of the Business Environment and Liberalization of Prices and intellectual property.

To make its business environment more investor-friendly and thereby attract foreign trade operators, Morocco has consolidated its legal arsenal and taken some concrete steps such as the following:

It has eased dispute settlement procedures and impediments to investments. Act 08.05 provides for an exhaustive regulatory framework regarding mediation and arbitration at the national and international levels. There are eight trade courts as well as three appeal trade courts[1].

Act 06-99 provides for liberal pricing as well as competition policies. This act is indicative of Morocco's effort to compliance with WTO's principles of loyalty, transparency and equal opportunity. Since then, several measures have been taken to implement this law, notably the creation of a competition council.

[1] Commercial authority (commerce tribunals and trade courts of appeal) have the prerogatives to judge all trade conflicts, including those related to intellectual property. Commerce tribunals have the capacity to assess : actions related to commercial contracts, actions between business people, actions related to commercial effects, conflicts between associates of a company in commerce and conflicts related to businesses.

- The implementation of new laws pertaining to the protection of industrial property, copyrights and similar assets, and distinctive origin and quality labels for food, farming and fish products. On October 8th 2006, "the coming into force in Morocco of the International Plant Protection Convention reinforced the protection of plants.
- The availability of a telecom infrastructure which meets international standards. Morocco has a high debit optical fiber network of some 7,500 kilometers and of remarkable reliability, as shown by the interest of foreign operators in the Moroccan telecom network (the Moroccan market is shared by 3 operators and regulated by a regulatory body).
- a law (Law nº53/05) regarding the electronic exchange of judicial data, and designed to keep up with technological changes linked to the internet in general, and e-trading in particular, came into force on November 30th 2007.
- the implementation of a development plan for the information and communication technology "Digital Morocco 2013", notably designed to provide greater access to exchange and communication, make the administration for responsive to the needs of operators through an ambitious e-government programme, promote computerisation in small and medium enterprises to boost productivity, and develop local IT sector by supporting the creation and the growth of local actors, as well as by promoting the emergence of poles of excellence with strong export potential.
- The easier access to digital administration procedures for businesses. For instance, the General Tax Office has introduced digital VAT and CT declaration and payment for some categories of tax-payers.
- The consolidation of the institutional framework for the prevention of corruption, with the setting up in 2007 of the Central Authority for the Prevention of Corruption in charge of coordinating, supervising and monitoring the implementation of corruption prevention policy. The 2009 Finance Bill thus provides support for the Central Authority and for the Council for Free Pricing and Competition. The CAPC has also set up regional and local commissions to liaise with citizens and provide information on its action.
- The setting up of an ethics watchdog in partnership with the World Customs Organisation (WCO). The WCO has picked Moroccan customs, in view of the remarkable progress made by Morocco in enabling trade and of major advances achieved in terms of customs/ business partnership, to launch this pilot scheme for cooperation with the private sector. This scheme is unprecedented in the world and will serve as a model for the MENA region. Thus, several countries will be in a position to adopt a similar scheme, which will also enable Morocco to develop stronger ties with African and Maghreb customs, as well as South-South cooperation. It

should also be noted that Moroccan customs has already given its support to the Arusha declaration, a 10-points framework designed to improve customs ethics, secure the logistical processes, and enable international trade.

Logistics

To improve Morocco's logistical competitiveness, a new integrated strategy for the development of logistics is being finalised. The strategy will also contribute to the successful implementation of other sector-based strategies launched nationwide, such as "Plan Maroc Vert", "Halieutis", "Emergence"...

To this end, the Ministry for Equipment and Transport and the General Confederation of Moroccan Enterprises have launched a study, in partnership with relevant ministerial departments and public establishments. The study will be funded by the Hassan II Fund, as part of the convention signed on May 19th 2008 under the aegis of HM King Mohammed VI.

The study which comprises a programme contract to be ratified by the GCME and public authorities revolves around the following objectives:

- defining and implementing a national plan for multimodal transport logistical platforms to optimise the management of merchandise flow;
- promoting the emergence of public or private integrated operators in the logistics sector;
- designing and implementing training programmes for the transport and logistics sector to address the needs of operators;
- Setting up the logistical competitiveness watchdog to monitor and oversee the efficiency of logistical services.

To this effect, the final version of the logistics programme contract will soon be completed, and that a 1,000 ha land reserve will be made available for the creation of logistical zones in the main Moroccan cities.

Furthermore, the draft project pertaining to the creation of the Moroccan Agency for the Development of Logistical Services was adopted on December 24th, 2009. The agency supports efficient schemes and mechanisms to assist the government with the implementation of the integrated national strategy for the development of logistical competitiveness, which affects several economic sectors and purports to achieve an annual GDP increase of 0.5% over the next ten years.

As to the liberalisation of capital movement, following Morocco's approval of Article VIII of the IMF statutes relating to the convertibility of current transactions and the liberalisation of several capital account operations in favour of non-residents, Morocco is proceeding with reforms aimed at liberalising other capital account operations in the long term.

Investment operations abroad, hitherto subjected to prior agreement from the Foreign Exchange Office on a case-by-case basis can now be freely carried out, up to MAD 30 million per year, by Moroccan legal entities with a minimum activity period of 3 years, and whose accounts are certified by an external auditor.

This investment must be part of the activity of the legal entity concerned, and may come in different forms, such as creating businesses, buying stakes in existing companies, opening branches, representative offices or subsidiaries. Transfers made for this purpose may cover capital allowances, current account loans and advance payments, as well as the running costs of branches, representative offices or subsidiaries.

In addition, investors involved are entitled to reinvest freely the proceeds from the sale or transfer of assets held abroad.

Annex: Morocco's competitive advantages and disadvantages in enabling trade according to WEF 2009

Table 3: 2009 competitive advantages

Variable	Ranking
Specific tariffs (fixed duty per unit or imported quantity)	**1**
Share of duty-free imports	**14**
Cost to export	**14**
Margin of preference in target markets	**26**
Liner Shipping Connectivity Index	**32**
Time for export	**33**
Transshipment connectivity index	**36**
Customs services	**38**

Cost to import	**40**
Reliability of police services	**41**
Number of distinct tariffs	**44**
Postal service efficiency	**44**
Government inefficiency	**44**
Quality of railroad infrastructure	**45**
Days required for import	**46**
Burden of customs procedures	**47**
Road congestion	**47**

Source: *The 2009 Global Enabling Trade Report*

Table 4: Competitive disadvantages 2009

Variable	**Ranking**
Tariff peaks	**53**
GATS commitments in the transport sector	**53**
Quality of port infrastructure	**54**
Domestic competition	**54**
Irregular payments in exports and imports	**55**
Paved roads	**55**
Quality of air transport infrastructure	**56**
Quality of roads	**57**
Complexity of tariffs	**58**
Business costs of crime and violence	**59**
Internet users	**61**
Property rights	**61**
Corruption Perceptions Index	**62**
Firm-level technology absorption	**64**
Ease and affordability of shipment	**65**
Broadband Internet subscribers	**66**
Documents for export	**67**
Business impact of rules on FDI	**67**
Ease of hiring foreign labor	**68**
Mobile telephone subscribers	**69**
Airport density	**71**
Prevalence of foreign ownership	**78**
Non-tariff barriers	**85**
Telephone lines	**85**

Openness to foreign participation	**86**
Timeliness of shipments in reaching destination	**87**
Tariff barriers for non-agricultural products	**99**
Documents for import	**100**
Capital controls	**101**
Business costs of terrorism	**101**
Competence of the logistics industry (transport opera customs intermediaries...)	**103**
Tariff barriers	**104**
Ability and ease of tracking	**109**
Variance of tariffs	**110**
Tariff barriers for agricultural products	**112**

Source: *The 2009 Global Enabling Trade Report*